

# Coverage and Vesting of Full-Time Employees Under Private Retirement Plans

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*Twenty-three million full-time workers in private wage and salary jobs—almost half of those employed at the time of the survey—were covered by a private pension or a deferred profit-sharing plan. An estimated one-third of these workers had a vested right in their plan. This article reports on the characteristics of (1) workers covered by private retirement plans and those not covered, and (2) workers with vested or nonforfeitable rights to retirement benefits and those without such rights.*

IN MID-APRIL 1972 the Bureau of the Census conducted a survey of households to obtain information on the employment status and retirement coverage of each member of the household 16 years of age or older. The survey, made under a contract with the Departments of Treasury, Labor, and Health, Education, and Welfare, was conducted with a scientifically selected sample of households designed to represent the civilian noninstitutionalized population of the United States. The survey and estimating methods used in this study, as well as certain limitations of the data, are explained in the technical note at the end of the article.

This article provides information on how workers are actually affected by participation, vesting, and retirement requirements and by their movement into and out of jobs covered by private retirement plans. The data here refer to the responses of full-time, private wage and salary workers only.

Highlights of the April 1972 study reveal that:

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- An estimated twenty-three million full-time workers in private wage and salary jobs—almost half of those employed in April 1972—were covered by a private pension or deferred profit-sharing plan.
- The proportion of men covered by a private pension or deferred profit-sharing plan was 45 percent greater than that for women and the rate for whites was almost 25 percent greater than that for persons of all other races.
- Private plan coverage was greatest in high-wage industries, such as communications and public utilities, mining, and manufacturing, and least in low-wage industries, such as services and retail trade.
- Coverage rates were highest for men in professional and technical occupations and in clerical jobs.
- The likelihood of coverage increased with job tenure. Workers with 5 or more years employment on their present job accounted for about two-thirds of the coverage even though they were less than half the full-time work force. Seventy percent of the men with 10 or more years of employment were covered, compared with 45 percent of those with less service.
- Coverage rates were highest for workers in their prime working years. The rates ranged from 51 percent for men aged 25-29 to 62 percent for those aged 50-54. Only 33 percent of the men under age 25 and 44 percent of those aged 60 and older were covered.
- Coverage rates rose sharply with earnings. Although only a fourth of the men earning less than \$5,000 a year were covered, about three-fifths of those earning more had coverage.
- An estimated one-third of the 23 million full-time wage and salary workers in private pension and deferred profit-sharing plans in April 1972 had a vested right in their plan.
- Men were somewhat more likely to have vested rights than women, partly because men had longer service.
- The proportion of workers with a vested status varied with job tenure—ranging from 20 percent for those with less than 5 years of employment to about 50 percent for those with 15 or more years.
- Considering that most workers aged 50 or more had long tenure, their vesting rate was surprisingly low. Only half the workers in this age group with 10 or more years of employment were vested.
- Workers with high earnings were more likely to

be vested than those with low earnings, partly because high earners also tended to have greater length of employment and were older.

- Vesting rates varied little by industry. Occupational differences were greater, however: professional and technical workers, managers and officials, and craftsmen had the highest vesting rates.

## CHARACTERISTICS OF COVERED AND NONCOVERED WORKERS

About 23 million full-time wage and salary workers<sup>1</sup> were covered by private retirement plans on their present job.<sup>2</sup> These workers accounted for about 47 percent of the 48 million persons in private full-time wage and salary jobs in April 1972.

Coverage rates for some subgroups differed sharply. Men, for example, were more likely to be covered than women (52 percent and 36 percent, respectively), and whites were more apt to be covered than were persons of all other races (48 percent and 39 percent, respectively). The survey also showed that other coverage differences, more fully described below, were related to the worker's industry, occupation, age, length of service, and annual earnings.<sup>3</sup>

The survey estimate of 23 million full-time workers covered by private retirement plans is substantially lower than the Social Security Administration coverage estimate of 29.7 million full- and part-time employees in 1970.<sup>3a</sup> A re-

<sup>1</sup> Full-time wage and salary workers are defined as those working 35 hours or more during the survey week, those with a full-time job but not at work during that week, or those with a full-time job but working less than 35 hours because of noneconomic reasons.

<sup>2</sup> More precisely, the respondents answered "yes" to the following question: "Excluding Social Security, Railroad Retirement, and Veterans' Pensions, are you covered in your present full-time job by a pension or profit-sharing plan providing retirement benefits?"

<sup>3</sup> Retirement plan coverage and vesting is related here to the demographic and economic characteristics of workers. For information on the relationship of plan coverage to the characteristics of private business establishments—such as collective bargaining status, number of employees, level of earnings, and average hourly compensation—see Emerson Beier, "Incidence of Private Retirement Plans," *Monthly Labor Review*, July 1971, and Donald Bell, "Incidence of Private Retirement Plans in Manufacturing, 1968-70," *Monthly Labor Review*, September 1973.

<sup>3a</sup> For some of the reasons that might contribute to this difference, see Walter W. Kolodrubetz, "Employee-Benefit Plans, 1971," *Social Security Bulletin*, April 1973, pages 27-28.

evaluation of the SSA coverage estimates is now underway. That analysis will take into account estimates from this survey, as well as from other sources that are now available.

## Industry

Private plan coverage for full-time employees varied widely by industry and tended to be highest in the high-wage industries.<sup>4</sup> Coverage rates were much higher for men than for women in almost all industries, reflecting in part their greater length of service.

The highest coverage rate was in public utilities, where 83 percent of the men were covered (table 1). Between 60 percent and 75 percent of the men in mining, manufacturing, and finance industries had coverage. The proportion with coverage was much lower in transportation and wholesale trade, where only about half of the men reported coverage. Substantially lower coverage—about 35 percent—was found in construction, retail trade, and services.

Coverage rates for women were significantly lower than those for men in all industry groups except communications and public utilities, where they were about the same. The rates varied as widely by industry for women as they did for men. About half the women in durable-goods manufacturing had coverage, for example, but only one-fourth of those in services and retail trade industries were covered.

Certain industries accounted for the bulk of all private pension coverage. Manufacturing industries had almost half of all coverage reported for private plans—not only because of the high rate of coverage but also because of the heavy concentration of total employment in these industries. Similarly, the concentration of employment in wholesale and retail trade explains why this industry accounted for about 15 percent of the coverage despite its lower-than-average coverage rate.

## Occupation

Coverage rates tended to be highest in occupations marked by high wages and low mobility.<sup>5</sup>

<sup>4</sup> These are also the industries in which pension plans are most prevalent. See Emerson Beier, *op. cit.*

<sup>5</sup> Bureau of Labor Statistics, *Job Tenure of Workers, January 1968*, Special Labor Force Report No. 112.

TABLE 1.—Percentage distribution of full-time workers in private industry, by retirement-plan status and by industry division, April 1972

Industry division	Percentage distribution by coverage status					Percentage distribution by industry division				
	Total	Covered	Not covered	Don't know	No response	Total	Covered	Not covered	Don't know	No response
<b>Total</b>										
Total <sup>1</sup> .....	100	47	46	4	4	100	100	100	100	100
Mining.....	100	72	24	2	2	1	2	1	1	1
Construction.....	100	34	57	3	6	7	5	9	5	13
Manufacturing.....	100	63	30	4	2	22	30	15	26	14
Durable goods.....	100	57	36	5	2	15	18	12	20	9
Nondurable goods.....	100	45	47	3	6	5	4	5	3	8
Transportation.....	100	82	13	3	2	4	6	1	2	2
Communications and public utilities.....	100	48	46	3	3	5	5	5	4	5
Trade.....	100	31	61	4	5	15	10	20	15	20
Wholesale.....	100	52	41	4	3	7	8	7	7	6
Retail.....	100	29	63	4	4	17	11	24	16	21
Finance, insurance, and real estate.....	100	52	41	4	3	7	8	7	7	6
Services.....	100	29	63	4	4	17	11	24	16	21
<b>Men</b>										
Total <sup>1</sup> .....	100	52	41	4	3	100	100	100	100	100
Mining.....	100	73	22	3	2	2	2	1	1	1
Construction.....	100	35	56	3	7	10	7	13	8	20
Manufacturing.....	100	66	28	4	2	26	33	18	30	15
Durable goods.....	100	66	28	5	2	14	18	10	20	7
Nondurable goods.....	100	46	45	3	6	6	5	7	5	11
Transportation.....	100	83	11	3	2	4	6	1	3	3
Communications and public utilities.....	100	51	42	3	3	6	6	7	5	6
Trade.....	100	34	57	4	5	14	9	19	16	18
Wholesale.....	100	60	35	2	3	5	6	5	3	4
Retail.....	100	36	58	3	4	11	8	16	9	12
Finance, insurance, and real estate.....	100	36	58	3	4	11	8	16	9	12
Services.....	100	36	58	3	4	11	8	16	9	12
<b>Women</b>										
Total <sup>1</sup> .....	100	36	56	4	4	100	100	100	100	100
Mining.....	100	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1	( <sup>2</sup> )	1	1
Construction.....	100	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1	( <sup>2</sup> )	1	1
Manufacturing.....	100	52	39	6	4	14	20	10	20	13
Durable goods.....	100	43	50	5	2	17	20	15	19	11
Nondurable goods.....	100	34	62	1	3	2	2	2	( <sup>2</sup> )	1
Transportation.....	100	79	17	1	2	4	8	1	1	2
Communications and public utilities.....	100	33	62	2	3	3	3	4	1	3
Trade.....	100	25	67	3	5	18	12	21	14	23
Wholesale.....	100	45	47	5	3	12	14	10	14	9
Retail.....	100	24	67	4	5	30	20	36	29	37
Finance, insurance, and real estate.....	100	24	67	4	5	30	20	36	29	37
Services.....	100	24	67	4	5	30	20	36	29	37

<sup>1</sup> Coverage status totals include workers in agriculture (less than 0.5 percent of each sex was covered by a retirement plan), not shown separately.

<sup>2</sup> Not calculated where base is less than 200,000.  
<sup>3</sup> Less than 0.5 percent.

Men in professional, technical, and clerical jobs were more likely to have pension coverage than those in other occupational groups. Almost two-thirds of the men in such jobs reported coverage (table 2). For managers, officials, and sales workers, and such skilled and semiskilled blue-collar jobs as craftsmen, operatives, and transportation equipment operatives, the proportion reporting coverage was somewhat lower, ranging from 47 percent to 57 percent. These participation rates, however, were substantially higher than those of unskilled laborers and service workers who were lower paid and typically had much less service.

Pension coverage rates for women in various occupational groups were lower than those of

men and followed the same general pattern. The lowest coverage among women was in service jobs, reflecting large numbers of private household workers who are rarely covered.

### Tenure

The survey showed that the longer a worker was on the job, the more likely he was to be covered by a private retirement plan. As a result, persons who had worked 5 or more years made up nearly two-thirds of those with coverage although they accounted for only half of all workers (table 3). This disparity stems in part from the fact that many workers are employed by

TABLE 2.—Percentage distribution of full-time workers in private industry, by retirement-plan status and by occupation group, April 1972

Occupation group	Percentage distribution by coverage status					Percentage distribution by occupation group				
	Total	Covered	Not covered	Don't know	No response	Total	Covered	Not covered	Don't know	No response
Total										
Total.....	100	47	46	4	4	100	100	100	100	100
White-collar workers										
Professional and technical.....	100	57	38	2	2	11	13	9	6	7
Managers and officials.....	100	49	48	2	2	10	11	11	4	7
Sales.....	100	41	53	2	5	7	6	8	3	9
Clerical.....	100	48	46	4	3	18	18	17	20	14
Blue-collar workers										
Craftsmen.....	100	54	40	3	4	17	19	15	12	18
Operatives.....	100	51	40	6	3	18	20	16	29	15
Transportation equipment operators.....	100	48	41	5	5	5	5	4	7	7
Nonfarm laborers.....	100	37	50	7	6	5	4	5	9	9
Service workers.....	100	24	67	4	5	9	9	13	9	13
Farmworkers.....	100	7	89	1	4	1	(1) 4	2	(1)	2
Men										
Total.....	100	52	41	4	3	100	100	100	100	100
White-collar workers										
Professional and technical.....	100	65	32	2	2	12	14	9	5	6
Managers and officials.....	100	51	45	1	3	13	13	15	5	10
Sales.....	100	47	47	1	4	7	6	8	3	9
Clerical.....	100	62	31	4	2	6	8	5	8	4
Blue-collar workers										
Craftsmen.....	100	54	39	3	4	24	25	23	18	26
Operatives.....	100	57	34	6	3	17	19	14	30	13
Transportation equipment operators.....	100	49	41	5	5	7	7	7	11	10
Nonfarm laborers.....	100	38	49	7	7	7	5	8	13	13
Service workers.....	100	36	54	5	5	5	3	6	7	7
Farmworkers.....	100	7	88	1	4	2	(1) 2	4	(1)	2
Women										
Total.....	100	36	56	4	4	100	100	100	100	100
White-collar workers										
Professional and technical.....	100	37	56	4	3	8	9	8	9	7
Managers and officials.....	100	34	61	3	1	5	4	5	4	2
Sales.....	100	24	67	3	6	6	4	7	4	10
Clerical.....	100	44	49	4	3	41	50	36	41	32
Blue-collar workers										
Craftsmen.....	100	37	56	2	4	2	2	2	1	2
Operatives.....	100	41	49	6	4	20	23	18	28	19
Transportation equipment operators.....	100	(2)	(2)	(1)	(2)	(1)	(1)	(1)	-----	1
Nonfarm laborers.....	100	(2)	(2)	(1)	(2)	1	(1)	1	-----	1
Service workers.....	100	16	75	3	6	17	8	23	12	26
Farmworkers.....	100	(2)	(2)	(1)	(2)	(1)	-----	(1)	(1)	(1)

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Not calculated where base is less than 200,000.

companies that require from 1 to 5 years of service and, to a lesser extent, the attainment of age 25 or 30 before they are admitted to a pension plan. These requirements are especially common in pension plans where the employee contributes to the cost of the plan and in almost all deferred profit-sharing plans.<sup>6</sup>

Almost 2 out of 3 men in private industry had worked less than 10 years on their present job. Only 45 percent of these men were covered by a private plan, compared with 70 percent of those who had worked 10 years or more. The propor-

tion of men reporting private pension coverage increased as longer service was reported; almost 75 percent of those with 15 or more years of service had coverage.

Coverage rates for women by length of employment were somewhat lower than those for men but showed the same pattern of higher participation rates as length of employment on the present job increased. Almost 70 percent of the women who had worked 20 years or more had coverage, but only a third of those with less than 10 years were covered.

The job tenure distribution for workers without coverage differed considerably from that for workers with coverage. Noncovered workers were more concentrated in the shorter service periods

<sup>6</sup> See Harry E. Davis and Arnold Strasser, *Private Pension Plans, 1960 to 1969: An Overview*, BLS Reprint 2681, tables 10 and 11, and B. L. Metzger, *Profit Sharing in Perspective* (2d edition), pages 53 and 55.

**TABLE 3.—Percentage distribution of full-time workers in private industry, by retirement-plan status and by length of employment on current job, April 1972**

Length of employment (in years)	Percentage distribution by coverage status					Percentage distribution by length of employment				
	Total	Covered	Not covered	Don't know	No response	Total	Covered	Not covered	Don't know	No response
<b>Total</b>										
Total <sup>1</sup> .....	100	47	46	4	4	100	100	100	100	( <sup>2</sup> )
Less than 1.....	100	20	70	9	1	19	8	29	46	( <sup>2</sup> )
1-4.....	100	40	55	4	( <sup>3</sup> )	32	26	37	34	( <sup>2</sup> )
5-9.....	100	57	40	3	( <sup>3</sup> )	18	22	15	12	( <sup>2</sup> )
10-14.....	100	64	35	1	( <sup>3</sup> )	10	13	7	2	( <sup>2</sup> )
15-19.....	100	71	27	1	( <sup>3</sup> )	8	11	4	2	( <sup>2</sup> )
20-24.....	100	76	22	2	( <sup>3</sup> )	6	9	3	2	( <sup>2</sup> )
25 or more.....	100	71	28	1	( <sup>3</sup> )	8	12	5	2	( <sup>2</sup> )
Median.....						4.9	8.6	3.3	1.4	( <sup>2</sup> )
<b>Men</b>										
Total <sup>1</sup> .....	100	52	41	4	3	100	100	100	100	( <sup>2</sup> )
Less than 1.....	100	24	65	10	1	17	8	27	48	( <sup>2</sup> )
1-4.....	100	45	51	4	( <sup>3</sup> )	30	25	36	32	( <sup>2</sup> )
5-9.....	100	62	35	2	( <sup>3</sup> )	18	21	15	12	( <sup>2</sup> )
10-14.....	100	67	32	1	( <sup>3</sup> )	10	12	8	2	( <sup>2</sup> )
15-19.....	100	74	25	1	( <sup>3</sup> )	8	11	5	1	( <sup>2</sup> )
20-24.....	100	78	20	2	( <sup>3</sup> )	7	10	3	3	( <sup>2</sup> )
25 or more.....	100	72	26	1	( <sup>3</sup> )	10	13	6	2	( <sup>2</sup> )
Median.....						5.9	9.2	3.6	1.3	( <sup>2</sup> )
<b>Women</b>										
Total <sup>1</sup> .....	100	36	56	4	4	100	100	100	100	( <sup>2</sup> )
Less than 1.....	100	15	76	8	( <sup>3</sup> )	24	10	31	43	( <sup>2</sup> )
1-4.....	100	33	62	5	( <sup>3</sup> )	36	32	39	37	( <sup>2</sup> )
5-9.....	100	46	50	3	( <sup>3</sup> )	18	23	16	13	( <sup>2</sup> )
10-14.....	100	56	43	2	( <sup>3</sup> )	8	13	6	3	( <sup>2</sup> )
15-19.....	100	64	35	1	( <sup>3</sup> )	6	10	3	2	( <sup>2</sup> )
20-24.....	100	68	32	2	( <sup>3</sup> )	3	6	2	2	( <sup>2</sup> )
25 or more.....	100	65	33	2	( <sup>3</sup> )	4	7	2	2	( <sup>2</sup> )
Median.....						3.9	6.8	2.9	1.7	( <sup>2</sup> )

<sup>1</sup> Coverage status totals include workers not responding on length of employment, not shown separately.

<sup>2</sup> Not calculated where base is less than 200,000.  
<sup>3</sup> Less than 0.5 percent

than were the covered workers. Among noncovered workers, for example, about 65 percent of the men and 70 percent of the women were on their job for less than 5 years, compared with about 35 percent of the covered men and 42 percent of the covered women. The low coverage of persons with less than 5 years of service can be attributed, in part, to plan requirements previously described. At the other end of the spectrum, 45 percent of the covered workers had 10 or more years of service even though such long-service workers were only about 30 percent of the full-time labor force.

### Age

Coverage rates were highest for workers in their prime working years and lowest for the young and the old. Although only 30 percent of

the workers under age 25 and about 40 percent of those aged 60 or more were covered, about half of those aged 25 through 59 had coverage (table 4). Coverage rates for both men and women increased steadily from ages 25 to 24 and then began to drop.

The picture was very different for the young and the old. Only a third of the men and a fourth of the women aged 16-24 had pension coverage. Among those aged 60 or more, only 44 percent of the men and 28 percent of the women were covered. The low coverage rate for the younger group stems from their high turnover rate and the participation requirements found in many plans. The drop in the rate at the age groups 55-59 and 60 and over probably reflects the higher retirement rate of those with pension coverage than of those without such coverage. This difference stems from the impact of compul-

TABLE 4.—Percentage distribution of full-time workers in private industry, by retirement-plan status and by age, April 1972

Age	Percentage distribution by coverage status					Percentage distribution by age				
	Total	Covered	Not covered	Don't know	No response	Total	Covered	Not covered	Don't know	No response
Total										
Total.....	100	47	46	4	4	100	100	100	100	100
Under 25.....	100	30	58	8	4	18	12	23	40	22
25-29.....	100	47	45	5	3	14	14	13	17	12
30-34.....	100	51	43	4	3	11	12	11	11	9
35-39.....	100	53	42	3	2	10	11	9	7	6
40-44.....	100	54	40	3	4	10	12	9	7	10
45-49.....	100	55	39	2	3	11	13	9	7	10
50-54.....	100	56	39	1	4	10	12	9	4	11
55-59.....	100	61	43	2	4	8	9	8	4	10
60 and over.....	100	39	55	1	5	7	6	9	2	10
Median.....						38.4	40.6	36.6	27.8	40.8
Men										
Total.....	100	52	41	4	3	100	100	100	100	100
Under 25.....	100	33	54	9	5	16	10	21	40	22
25-29.....	100	51	42	5	3	14	14	15	18	11
30-34.....	100	55	39	4	3	12	13	12	13	10
35-39.....	100	58	38	2	2	11	12	10	7	5
40-44.....	100	59	35	2	4	11	12	9	7	11
45-49.....	100	61	34	2	3	11	13	9	6	10
50-54.....	100	62	33	2	3	10	12	8	4	9
55-59.....	100	56	38	1	4	8	9	8	3	11
60 and over.....	100	44	50	1	5	7	6	9	2	11
Median.....						38.6	40.6	36.4	27.7	40.6
Women										
Total.....	100	36	56	4	4	100	100	100	100	100
Under 25.....	100	26	63	8	3	23	17	26	41	21
25-29.....	100	37	54	5	4	12	12	12	15	13
30-34.....	100	39	54	4	2	9	10	9	9	6
35-39.....	100	38	54	4	3	8	9	8	8	8
40-44.....	100	41	52	4	3	10	11	9	9	9
45-49.....	100	42	51	3	3	11	12	10	8	10
50-54.....	100	43	51	1	5	11	13	10	3	14
55-59.....	100	40	53	3	5	9	9	8	5	10
60 and over.....	100	28	66	1	6	7	6	8	2	10
Median.....						38.2	40.8	37.0	28.0	41.3

sory retirement provisions on covered workers—especially at age 65—as well as the greater frequency of early retirement (usually between age 60 and age 65) for those with private pensions than for those without.<sup>7</sup>

### Relationship of Sex, Age, and Tenure

The overall coverage rate for men (52 percent) was much higher than the rate for women (36 percent). Some of the difference reflects the longer job tenure of men—more than half the men but only two-fifths of the women had 5 or more years of service.<sup>8</sup> A much smaller part of

the difference is attributable to the greater concentration of women in the youngest age group (under age 25), where coverage rates are lowest, and their smaller representation in the prime working years, where coverage rates are highest.

Most of the difference between the coverage rates, however, comes from factors not associated with either age or tenure. Men have much higher coverage rates—usually by at least 10 percentage points—than women of the same age and with the same length of service (table 5). Exceptions are chiefly among persons who had worked 10 years or more where few workers are barred from coverage because of plan provisions.<sup>9</sup>

<sup>7</sup> See Virginia Reno, "Why Men Stop Working At or Before Age 65," *Social Security Bulletin*, June 1971.

<sup>8</sup> If the distribution of women by tenure were the same as that for men, their overall rate would advance to 41 percent.

<sup>9</sup> Because of the small size of the sample of workers (especially women) in most of the age-tenure groups with more than 10 years of service, the estimates for most of these groups in table 5 are subject to large sampling errors.

TABLE 5.—Percent of full-time workers covered by retirement plans in private industry on current job, by age, sex, and length of employment, April 1972

Age	Length of employment (in years)					
	Total <sup>1</sup>	Less than 1	1-4	5-9	10-19	20 or more
Total						
Total.....	47	20	40	57	67	73
Under 25.....	30	18	40	48	-----	-----
25-29.....	47	27	48	70	56	-----
30-39.....	51	20	44	63	75	( <sup>2</sup> )
40-49.....	54	19	39	56	70	79
50-59.....	53	23	30	49	65	75
60 and over.....	39	( <sup>2</sup> )	15	31	42	60
Men						
Total.....	52	24	45	62	70	74
Under 25.....	33	20	44	54	-----	-----
25-29.....	51	29	52	73	55	-----
30-39.....	56	24	48	65	78	( <sup>2</sup> )
40-49.....	59	23	43	63	75	79
50-59.....	60	32	35	54	68	76
60 and over.....	44	( <sup>2</sup> )	17	38	45	64
Women						
Total.....	36	15	33	46	59	66
Under 25.....	26	16	36	35	-----	-----
25-29.....	37	20	38	61	( <sup>2</sup> )	-----
30-39.....	39	13	35	57	70	( <sup>2</sup> )
40-49.....	42	13	32	45	58	80
50-59.....	42	11	23	43	62	69
60 and over.....	28	( <sup>2</sup> )	( <sup>2</sup> )	19	36	47

<sup>1</sup> Includes workers not responding on length of employment on current job.  
<sup>2</sup> Not calculated where base is less than 200,000

An important point in table 5 is the separate effects of age and tenure on coverage. Among workers aged 30 and more, coverage rates increased with length of employment in each age group. For men aged 50-59, for example, 3 out of 4 of those who had worked 20 years or more had coverage, but only slightly more than a third with less than 10 years were covered.

Workers aged 60 or more are less likely than younger workers to be included in private retirement plans, regardless of their length of employment. In many cases, particularly when there are short periods of service, workers may have been excluded because they passed the maximum age for participation in the plan.<sup>10</sup> Moreover, as previously noted, older covered workers are more apt to retire than those not covered, thereby affecting the coverage rate.

<sup>10</sup> A Bureau of Labor Statistics study found that in 1971 pension plans covering about 2 out of 3 workers had maximum age limits. See Harry E. Davis, "Pension Provisions Affecting the Employment of Older Workers," *Monthly Labor Review*, April 1973, pages 44-45.

## Earnings

Retirement plan coverage was closely related to wage and salary income. Generally speaking, the higher the wage and salary earnings, the greater the likelihood of private coverage (table 6). About one-fourth of the men who earned less than \$5,000 were covered, three-fifths of those with earnings from \$5,000 to \$9,999, and more than two-thirds of those earning \$10,000 or more. The earnings classes used in table 6 were obtained by matching pension coverage from the April Current Population Survey (CPS) to wage and salary earnings for 1971 reported in the March 1972 CPS. If the worker had recently changed jobs, the wage and salary data were not specifically related to his present job. The data in the table are therefore restricted to workers who reported that they had held their present job for 1 year or more.

Table 6 also shows a substantial difference in median earnings of men with and without plan coverage—\$10,200 and \$7,700, respectively. More than three-fourths of the men with coverage earned between \$5,000 and \$15,000, and more than two-thirds of the men without coverage earned less than \$10,000.

For women, the same correlation of low coverage at low earnings was observed. The women not included in retirement plans reported median annual earnings only three-fourths as high as the median for the covered group—\$5,800 for covered workers and \$4,400 for those not covered. Three-fifths of the women without plan coverage had earnings of less than \$5,000, compared with a third of those with coverage.

## Race

White workers were more likely than workers of other races to have private plan coverage on their full-time job (table 7). More than half the white men in private industry reported pension coverage, but only two-fifths of men of other races did. White men had higher coverage rates than men of other races with the same length of service: about two-thirds of the whites with 5-14 years of service reported coverage, compared with half the men of other races with the same amount of service. This disparity therefore stems from other differences, such as type of oc-

TABLE 6.—Percentage distribution of full-time workers in private industry, by retirement-plan status and by annual wage or salary income during 1971, April 1972

Annual wage or salary income in 1971	Percentage distribution by coverage status					Percentage distribution by wage or salary income				
	Total	Covered	Not covered	Don't know	No response	Total	Covered	Not covered	Don't know	No response
Total										
Total <sup>1</sup> .....	100	47	46	4	4	100	100	100	100	(?)
\$1-4,999.....	100	30	66	4	1	23	12	37	26	(?)
5,000-9,999.....	100	58	39	3	(?)	46	47	43	53	(?)
10,000-14,999.....	100	73	26	1	(?)	21	28	13	8	(?)
15,000-19,999.....	100	76	24	(?)	-----	6	9	4	1	(?)
20,000-24,999.....	100	67	52	2	-----	2	2	1	1	(?)
25,000 or more.....	100	71	28	(?)	-----	2	3	1	(?)	(?)
Median amount.....	-----	-----	-----	-----	-----	\$7,700	\$9,100	\$6,100	\$5,900	(?)
Men										
Total <sup>1</sup> .....	100	52	41	4	3	100	100	100	100	(?)
\$1-4,999.....	100	26	69	4	1	12	5	22	23	(?)
5,000-9,999.....	100	58	39	3	(?)	45	43	48	60	(?)
10,000-14,999.....	100	74	25	1	(?)	29	35	20	13	(?)
15,000-19,999.....	100	76	24	(?)	-----	9	11	6	1	(?)
20,000-24,999.....	100	67	31	2	-----	3	3	2	2	(?)
25,000 or more.....	100	72	28	1	-----	3	4	2	1	(?)
Median amount.....	-----	-----	-----	-----	-----	\$9,300	\$10,200	\$7,700	\$7,000	(?)
Women										
Total <sup>1</sup> .....	100	36	56	4	4	100	100	100	100	(?)
\$1-4,999.....	100	31	65	4	(?)	49	34	61	57	(?)
5,000-9,999.....	100	58	39	3	(?)	46	60	35	41	(?)
10,000 or more.....	100	60	39	1	-----	5	6	4	2	(?)
Median amount.....	-----	-----	-----	-----	-----	\$5,100	\$5,800	\$4,400	\$4,800	(?)

<sup>1</sup> Coverage status totals relate to all workers reporting in the survey. Excluded elsewhere are (a) persons with less than 1 year of employment in their current job (since the income figures do not relate to current job), (b) persons

with no earnings in 1971, and (c) those for which a match to the March CPS record could not be made

<sup>2</sup> Not calculated where base is less than 200,000.

<sup>3</sup> Less than 0.5 percent.

cupation, industry, and earnings. Among women, differences in coverage rates by race were not as great, partly because women of both racial groups had similar tenure rates.

### CHARACTERISTICS OF VESTED AND NONVESTED WORKERS

The survey indicated that a third of the 23 million full-time wage and salary workers covered by private retirement plans on their current job in April 1972 had a vested or nonforfeitable right to a pension from their current plan.<sup>11</sup>

This one-third figure contrasts with results of recent studies of retirement plan provisions that

show more than 3 out of 4 workers in private pension plans with vesting provisions.<sup>12</sup> Such studies, however, do not indicate how many employees have actually met the qualifications for vesting and have gained a nonforfeitable right to a pension benefit, as does this survey.

A somewhat higher proportion of men than women had vested rights—34 percent and 26 percent, respectively (table 8). About half the men and a slightly higher proportion of the women had not yet acquired these rights. A fairly high proportion of workers did not know whether they had a vested right in their plan—15 percent of the men and 18 percent of the women.

Vesting in accrued retirement benefits is usually conditioned on meeting specified length-of-service requirements of a plan—frequently 10 or 15 years—and, in some cases, attainment of a specified age—often age 40. Even if a plan does

<sup>11</sup> The respondents replied "yes" to the following question about their pension-covered job: "If you should change to a job not covered by this plan, would you still be eligible to receive the plan's benefits at retirement age?" The question was intended to record as vested those who were already assured of a benefit either by their plan's vesting provision or retirement provision.

<sup>12</sup> See, for example, Harry E. Davis and Arnold Stras-ser, *op. cit.*



TABLE 7.—Percentage distribution of full-time workers in private industry, by retirement-plan status and by race, April 1972

Race	Percentage distribution by coverage status					Percentage distribution by race				
	Total	Covered	Not covered	Don't know	No response	Total	Covered	Not covered	Don't know	No response
Total										
Total.....	100	47	46	4	4	100	100	100	100	100
White.....	100	48	45	4	3	90	91	89	85	84
All other races.....	100	39	50	5	5	10	9	11	15	16
Men										
Total.....	100	52	41	4	3	100	100	100	100	100
White.....	100	53	40	3	3	90	92	89	85	85
All other races.....	100	43	47	5	5	10	8	11	15	15
Women										
Total.....	100	36	56	4	4	100	100	100	100	100
White.....	100	36	56	4	3	88	89	88	85	82
All other races.....	100	32	57	5	6	12	11	12	15	18

not have a specific vesting provision, an employed older worker who has already qualified for a pension under the early or normal retirement provision of a plan is considered to have vested rights for the purposes of this analysis. Such qualification requires attainment of a specified age (usually between the ages of 50 and 65), as well as a specified length of service (usually 10 to 15 years).

### Tenure

Given the conditions for vesting found in retirement plans, it is not surprising that the proportion of workers who had vesting rose as job tenure lengthened. About 60 percent of the workers with less than 10 years of employment did not yet have vesting rights. The rate of vesting rose as job tenure increased—from 20 percent of those having worked less than 5 years to 47 percent for those who had worked 15–19 years. The rate of vesting leveled off at about 50 percent for those who had worked 15 years or more.

Persons without vested status typically had much less service than those with vesting. About 65 percent of those without vested rights had less than 10 years of employment, compared with 40 percent of the workers with such rights. The average time on their present job for all nonvested workers was 7.0 years—about half as long as that for vested workers, who averaged 14.4 years.

Since about one-fourth of those who did not have vested rights had worked 15 years or more, presumably a large number of workers were in plans without vesting provisions or with very restrictive requirements for vesting.

Even when they had the same periods of employment, women had lower vesting rates than men. Among those who had worked less than 10 years, about 23 percent of the men and 19 percent of the women had vested rights. The vesting rates for both rose gradually as tenure increased, so that among those who had worked 20 years or more 52 percent of the men and about 43 percent of the women had vested rights. These figures suggest that women were more often in plans without vesting provisions or with restrictive vesting requirements.

Not only did women acquire vested status at a somewhat lower rate than men with the same amount of service, but they also had shorter periods of employment on their covered jobs—a median of 6.8 years, compared with 9.2 years for men. This shorter average tenure for women may also account, to some degree, for their relatively small proportion with vested pensions.

The survey questionnaire dealt with length of employment on the current job, not with credited service under the pension plan. Although the two may be identical, this is not always the case. Some pension plans have eligibility provisions for participation in the plan—usually 1–5 years of employment and, less frequently, attainment

TABLE 8.—Percentage distribution of full-time workers covered by retirement plans in private industry, by vested status and by length of employment on current job, April 1972

Length of employment (in years)	Percentage distribution by vested status					Percentage distribution by length of employment				
	Total	Vested	Not vested	Don't know	No response	Total	Vested	Not vested	Don't know	No response
Total										
Total <sup>1</sup> .....	100	32	51	15	1	100	100	100	100	100
Less than 5.....	100	20	60	20	1	34	21	40	44	33
5-9.....	100	25	59	16	1	22	17	25	22	18
10-14.....	100	36	49	15	1	13	14	12	12	10
15-19.....	100	47	41	11	1	11	16	9	8	9
20-24.....	100	50	38	12	(*)	9	14	6	7	4
25 or more.....	100	51	37	10	3	12	18	8	7	26
Median.....						8.6	14.4	7.0	6.3	9.6
Men										
Total <sup>1</sup> .....	100	34	50	15	1	100	100	100	100	(*)
Less than 5.....	100	21	59	19	1	32	20	38	41	(*)
5-9.....	100	25	58	16	1	21	16	25	23	(*)
10-14.....	100	36	48	14	1	12	13	12	12	(*)
15-19.....	100	49	39	10	1	11	17	9	8	(*)
20-24.....	100	53	36	11	(*)	10	15	7	7	(*)
25 or more.....	100	52	37	9	2	13	20	10	8	(*)
Median.....						9.2	15.3	7.5	6.9	(*)
Women										
Total <sup>1</sup> .....	100	26	55	18	1	100	100	100	100	(*)
Less than 5.....	100	16	61	22	1	42	26	46	52	(*)
5-9.....	100	24	60	15	1	23	21	25	20	(*)
10-14.....	100	34	50	15	(*)	13	16	12	11	(*)
15-19.....	100	39	47	14		10	15	8	8	(*)
20-24.....	100	39	46	13	2	6	9	5	5	(*)
25 or more.....	100	47	32	14	6	7	13	4	6	(*)
Median.....						6.8	11.0	5.8	4.8	(*)

<sup>1</sup> Vested status totals include workers not responding to length of employment on current job, not shown separately

\* Less than 0.5 percent  
 \* Not calculated where base is less than 200,000.

of age 25 or 30—that may not be counted as credited service for vesting purposes. Moreover, persons covered by multiemployer plans probably reported duration of employment on their current job, rather than total employment under the pension plan. (One of the characteristics of a multiemployer pension plan is that a worker remains covered by the plan and builds up pension service as long as he is employed by any one of the employers contributing to the plan.) For this reason, it is probable that the rate of vesting is overstated for short service periods. Overall vesting rates, however, would not be affected by these factors.

### Age

Vesting was more common among older workers than younger workers (table 9). About 45 percent of the workers aged 55 or older, com-

pared with 20 percent of those under age 30, had vested status. This difference is expected since older workers typically have longer tenure than younger workers and achievement of vested status is highly dependent on attainment of some specified length of service. Furthermore, as had been noted, older workers in plans without vesting provisions or with highly restrictive provisions may already be qualified for benefits through an early (or regular) retirement provision. As a result, almost 65 percent of the workers with vested rights were aged 40 or more, compared with about 45 percent of the workers who were not vested.

Vesting rates for men and women differed somewhat by age. For the younger age groups, the differences were slight. For older persons—especially the group aged 40-59—a substantially higher proportion of men than women had vested rights, partly because job tenure was shorter for women.

TABLE 9.—Percentage distribution of full-time workers covered by retirement plans in private industry, by vested status and by age, April 1972

Age	Percentage distribution by vested status					Percentage distribution by age				
	Total	Vested	Not vested	Don't know	No response	Total	Vested	Not vested	Don't know	No response
Total										
Total.....	100	32	51	15	1	100	100	100	100	100
Under 25.....	100	18	55	26	1	12	6	12	20	10
25-29.....	100	24	57	18	1	14	10	15	16	16
30-34.....	100	23	61	16	1	12	9	15	13	10
35-39.....	100	31	56	13	1	11	11	12	9	8
40-44.....	100	35	51	13	1	12	13	12	10	10
45-49.....	100	40	46	13	1	13	16	11	10	13
50-54.....	100	39	48	12	1	12	15	11	9	15
55-59.....	100	45	40	14	2	9	12	7	8	13
60 and over.....	100	44	41	14	1	6	8	5	5	6
Median.....						40.6	45.4	38.4	36.1	43.3
Men										
Total.....	100	34	50	15	1	100	100	100	100	( <sup>1</sup> )
Under 25.....	100	19	54	26	1	10	6	11	17	( <sup>1</sup> )
25-29.....	100	25	56	17	2	14	10	16	16	( <sup>1</sup> )
30-34.....	100	23	60	16	1	13	9	16	14	( <sup>1</sup> )
35-39.....	100	32	55	12	1	12	11	13	9	( <sup>1</sup> )
40-44.....	100	37	50	12	1	12	13	12	10	( <sup>1</sup> )
45-49.....	100	43	43	13	1	13	16	11	11	( <sup>1</sup> )
50-54.....	100	42	46	11	1	12	15	11	9	( <sup>1</sup> )
55-59.....	100	49	37	13	1	9	12	6	8	( <sup>1</sup> )
60 and over.....	100	45	41	13	1	6	8	5	6	( <sup>1</sup> )
Median.....						40.6	45.4	38.1	36.3	( <sup>1</sup> )
Women										
Total.....	100	26	55	18	1	100	100	100	100	( <sup>1</sup> )
Under 25.....	100	15	56	27	1	17	10	17	25	( <sup>1</sup> )
25-29.....	100	21	57	21	1	12	10	13	15	( <sup>1</sup> )
30-34.....	100	22	62	16	1	10	9	11	9	( <sup>1</sup> )
35-39.....	100	26	57	17	1	9	9	9	9	( <sup>1</sup> )
40-44.....	100	28	57	15	1	11	12	12	9	( <sup>1</sup> )
45-49.....	100	32	54	12	2	12	15	12	8	( <sup>1</sup> )
50-54.....	100	29	53	15	2	13	15	13	11	( <sup>1</sup> )
55-59.....	100	33	49	16	3	9	12	8	8	( <sup>1</sup> )
60 and over.....	100	41	41	15	3	6	9	4	5	( <sup>1</sup> )
Median.....						40.8	45.1	39.6	35.4	( <sup>1</sup> )

<sup>1</sup> Not calculated where base is less than 200,000

### Age and Tenure

The association of tenure and age with vesting rates is quite clear in tables 8 and 9: As tenure on the current job increased, vesting rates were higher and, as age increased, so did vesting rates. The interrelationship of these two variables and vesting rates is summarized in table 10, which shows the vesting rates by age and tenure (that is, it shows the proportion of workers in each age and tenure group that have achieved vested status). The likelihood of vesting for short-service workers is quite low at any age. Vesting was much more likely to be found among workers with long tenure, regardless of age.

Since the requirements for vesting are more frequently geared to the attainment of specified

years of service in a plan than to age, it is not surprising that length of employment had much more influence than age on vesting rates. The proportion of vested workers rose only slightly as age increased for those with the same amount of service, but the proportion rose sharply as length of employment increased for those in a given age group. The vesting rates for workers employed less than 10 years, for example, ranged from 19 percent for workers aged 30-39 to 28 percent of those aged 50 or over. For workers aged 40-49, on the other hand, vesting rates ranged from 23 percent for those who had worked less than 10 years to about 50 percent for those who had worked 15 years or more.

The low rate of vesting (or qualification for early retirement) for workers aged 50 and older

TABLE 10.—Percent of workers with vested rights in retirement plans in private industry, by length of employment and by age, April 1972

Age	Length of employment (in years)				
	Total	Less than 10	10-14	15-19	20 or more
Total					
Total.....	32	22	36	47	51
Under 30.....	21	21	(1)	-----	-----
30-39.....	27	19	37	47	(1)
40-49.....	38	23	38	48	51
50 and over.....	42	28	32	46	51
Men					
Total.....	34	23	36	49	52
Under 30.....	23	22	(1)	-----	-----
30-39.....	27	19	36	50	(1)
40-49.....	40	24	39	50	52
50 and over.....	45	31	37	47	52
Women					
Total.....	26	19	34	39	43
Under 30.....	18	17	(1)	-----	-----
30-39.....	24	17	(1)	-----	(1)
40-49.....	30	22	37	(1)	43
50 and over.....	33	23	25	44	43

<sup>1</sup> Not calculated where base is less than 200,000

is somewhat surprising, especially among those workers with long tenure. Only half of the men aged 50 or older who were employed 10 or more years had vested status. Preliminary indications are that many of the nonvested workers were in relatively low-paid occupations and industries, presumably where no vesting is provided or

where strict requirements for vesting or retirement are found. Also, more than 10 percent of the workers aged 50 or over did not know whether or not they had vested rights.

Women with long tenure were somewhat less likely to have vested status than men in the same age and service categories. Among those aged 40 or older and employed 20 years or more, for example, 43 percent of the women—compared with 52 percent of the men—had vested rights. Reasons for this difference are not clear but can perhaps be explained in part by the more restrictive vesting requirements found in pension plans that include mainly women.

In each age group the proportion of vested workers who were with their employer one or two decades was substantially higher than the proportion among nonvested workers (table 11). A large proportion of older men without vested rights had substantial lengths of employment—46 percent of those aged 50 or more and 25 percent of those aged 40-49 had tenure of 20 years or more with their current employer. Among women without vested rights these proportions were much smaller—22 percent and 15 percent, respectively—a reflection of the generally shorter tenure of women.

The differences in job tenure are shown in table 12, which compares the median job tenure by age group and vested status. The median length of employment was 50-70 percent longer

TABLE 11.—Percentage distribution of full-time workers in retirement plans in private industry, by vested status and length of employment on current job and by age and sex, April 1972

Age	Percentage distribution of vested workers by length of employment (in years)				Percentage distribution of nonvested workers by length of employment (in years)			
	Total	Less than 10	10-19	20 or more	Total	Less than 10	10-19	20 or more
Total								
Under 30.....	100	97	3	-----	100	98	2	-----
30-39.....	100	46	51	3	100	71	27	1
40-49.....	100	24	38	37	100	49	28	23
50 and over.....	100	17	25	58	100	34	27	39
Men								
Under 30.....	100	97	3	-----	100	97	3	-----
30-39.....	100	44	54	2	100	70	29	1
40-49.....	100	21	39	40	100	45	29	26
50 and over.....	100	16	21	63	100	30	23	46
Women								
Under 30.....	100	96	4	-----	100	99	1	-----
30-39.....	100	53	41	5	100	78	20	2
40-49.....	100	38	35	27	100	59	26	15
50 and over.....	100	23	38	39	100	42	36	22

TABLE 12.—Median years of employment on current job for full-time workers in retirement plans in private industry, by vested status and by age and sex, April 1972

Age	Median years on current job for vested workers			Median years on current job for nonvested workers		
	Total	Men	Women	Total	Men	Women
Under 30.....	3.6	3.6	3.6	3.2	3.3	2.9
30-39.....	10.7	11.0	9.4	6.9	7.1	5.9
40-49.....	17.4	18.0	11.7	10.4	11.9	7.7
50 and over.....	22.3	23.4	17.6	15.5	18.3	11.8

for vested workers than for nonvested workers (except for those under age 30 and those aged 50 or over, where the difference was smaller).

### Earnings

Another factor associated with vesting rates is wage and salary income. High earners were more

likely than low earners to have vested rights, partly because the high earners also tended to have longer tenure and were older. Among workers with the same length of employment, however, vesting rates also tended to be greatest for those with high earnings.

About three-fourths of the men with private pension coverage had annual wage or salary income between \$5,000 and \$15,000 in 1971; only about a third had vested pension rights (table 13). The vesting rate rose with earnings, however; 45 percent of the men with annual earnings of \$15,000 or more reported vested rights. Persons who did not know their vested status tended to be lower paid—a partial explanation for the differences in vesting rates by earnings levels.

The vesting rate for women earning less than \$5,000, like that for men, was low—less than a fourth. On the other hand, about half of the women earning \$10,000 or more had vested rights

TABLE 13.—Percentage distribution of full-time workers in retirement plans in private industry, by vested status and by wage or salary income during 1971, April 1972

Annual wage or salary income in 1971	Percentage distribution by vested status					Percentage distribution by wage or salary income in 1971				
	Total	Vested	Not vested	Don't know	No response	Total	Vested	Not vested	Don't know	No response
<b>Total</b>										
Total <sup>1</sup> .....	100	32	51	15	1	100	100	100	100	100
Less than \$5,000.....	100	24	56	19	2	12	8	13	15	16
5,000-9,999.....	100	30	52	17	1	47	42	48	54	42
10,000-14,999.....	100	37	49	13	1	28	31	27	24	29
15,000-19,999.....	100	43	48	8	1	9	11	8	4	10
20,000-24,999.....	100	48	48	8	1	2	3	2	1	1
25,000 or more.....	100	59	32	8	1	3	5	2	1	3
Median amount.....						\$9,100	\$10,000	\$8,800	\$7,900	\$8,800
<b>Men</b>										
Total <sup>1</sup> .....	100	34	50	15	1	100	100	100	100	( <sup>2</sup> )
Less than \$5,000.....	100	26	54	18	2	5	4	5	6	( <sup>2</sup> )
5,000-9,999.....	100	30	51	17	1	43	37	44	52	( <sup>2</sup> )
10,000-14,999.....	100	36	49	13	1	35	36	35	32	( <sup>2</sup> )
15,000-19,999.....	100	43	49	7	1	11	13	11	6	( <sup>2</sup> )
20,000-24,999.....	100	49	43	7	1	3	4	2	1	( <sup>2</sup> )
25,000 or more.....	100	59	32	8	1	4	6	2	2	( <sup>2</sup> )
Median amount.....						\$10,200	\$10,900	\$10,000	\$9,300	( <sup>2</sup> )
<b>Women</b>										
Total <sup>1</sup> .....	100	26	55	18	1	100	100	100	100	( <sup>2</sup> )
Less than \$5,000.....	100	23	57	19	2	34	28	35	40	( <sup>2</sup> )
5,000-9,999.....	100	27	55	16	2	60	60	80	57	( <sup>2</sup> )
10,000-14,999.....	}	100	51	39	10	-----	6	12	5	4
15,000-19,999.....										
20,000-24,999.....										
25,000 or more.....										( <sup>2</sup> )
Median amount.....										( <sup>2</sup> )
						\$5,800	\$8,300	\$5,600	\$5,700	( <sup>2</sup> )

<sup>1</sup> Vested status totals relate to all workers reporting in the survey. Excluded elsewhere are (a) persons with less than 1 year of employment in their current job (since income figures do not relate to current job), (b) persons with no

earnings in 1971, and (c) those for whom a match in the March CPS record could not be made.

<sup>2</sup> Not calculated where base is less than 200,000.

TABLE 14.—Percentage distribution of full-time workers covered by retirement plans in private industry, by vested status and by industry division, April 1972

Industry division	Percentage distribution by vested status					Percentage distribution by industry division				
	Total	Vested	Not vested	Don't know	No response	Total	Vested	Not vested	Don't know	No response
Total										
Total.....	100	32	51	15	1	100	100	100	100	100
Mining.....	100	30	53	18	1	2	2	2	2	2
Construction.....	100	35	48	16	1	5	6	5	5	6
Manufacturing.....	100	35	47	17	2	30	32	27	33	38
Durable goods.....	100	28	55	15	1	18	16	20	18	17
Nondurable goods.....	100	32	56	12	1	4	4	5	3	3
Transportation.....	100	31	55	13	2	6	6	7	5	9
Communications and public utilities.....	100	33	51	15	1	5	6	5	5	6
Trade.....	100	32	54	14	1	10	10	10	9	7
Wholesale.....	100	28	58	14	( <sup>1</sup> )	8	7	9	7	3
Retail.....	100	33	48	18	1	11	11	10	12	11
Finance, insurance, and real estate.....	100	33	48	18	1	11	11	10	12	11
Services.....	100	33	48	18	1	11	11	10	12	11
Men										
Total.....	100	34	50	15	1	100	100	100	100	100
Mining.....	100	30	54	16	1	2	2	2	2	7
Construction.....	100	35	48	16	1	7	7	6	7	7
Manufacturing.....	100	37	46	16	2	33	36	30	36	44
Durable goods.....	100	31	53	15	1	18	16	19	19	14
Nondurable goods.....	100	32	55	12	1	5	5	6	4	8
Transportation.....	100	36	51	11	2	6	6	6	4	8
Communications and public utilities.....	100	32	53	13	1	6	6	7	6	6
Trade.....	100	34	54	12	1	9	9	10	7	6
Wholesale.....	100	31	57	11	1	6	6	7	5	4
Retail.....	100	34	47	18	2	8	8	7	9	8
Finance, insurance, and real estate.....	100	34	47	18	2	8	8	7	9	8
Services.....	100	34	47	18	2	8	8	7	9	8
Women										
Total.....	100	26	55	18	1	100	100	100	100	100
Mining.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1	1	( <sup>1</sup> )	1	4
Construction.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1	( <sup>1</sup> )	1	( <sup>1</sup> )	4
Manufacturing.....	100	26	51	22	1	20	20	19	24	23
Durable goods.....	100	21	62	15	2	20	16	22	17	24
Nondurable goods.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	2	2	2	1	5
Transportation.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	2	2	2	1	5
Communications and public utilities.....	100	20	62	16	2	8	6	9	7	14
Trade.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	3	4	2	4	4
Wholesale.....	100	28	54	17	1	12	13	12	12	9
Retail.....	100	23	59	18	1	14	13	15	14	9
Finance, insurance, and real estate.....	100	23	59	18	1	14	13	15	14	9
Services.....	100	33	49	17	1	20	25	18	19	18

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Not calculated where base is less than 200,000.

to their pensions—but only 6 percent of the women with pension coverage had such high earnings (compared with more than 50 percent of the men).

### Industry

Vesting rates varied little by industry.<sup>13</sup> In most major industry groups about a third of the

<sup>13</sup> This finding may seem surprising in light of plan provision studies that show a wide difference in the prevalence of vesting provisions by industry. The survey results here, however, reflect the actual experience of workers under these plan provisions as influenced by eligibility requirements for vesting and retirement and by their work history.

workers who reported coverage had vested rights in their benefit (table 14). The proportion of persons with vesting was in the fairly narrow range of 28 percent in nondurable goods manufacturing and finance, insurance, and real estate to 35 percent in durable goods manufacturing and construction.

Vesting rates for women were not significantly different than those for men in some industries—such as services and retail trade. In durable and nondurable goods manufacturing industries, however, where most private pension coverage for women is found, and in communications and public utilities, the rate of vesting for women was lower than that for men.

TABLE 15—Percentage distribution of full-time workers covered by retirement plans in private industry, by vested status and by occupation group, April 1972

Occupation group	Percentage distribution by vested status					Percentage distribution by occupation group				
	Total	Vested	Not vested	Don't know	No response	Total	Vested	Not vested	Don't know	No response
Total										
Total <sup>1</sup> .....	100	32	51	15	1	100	100	100	100	100
White-collar workers										
Professional and technical.....	100	40	47	13	1	13	16	12	11	10
Managers and officials.....	100	40	51	8	1	11	13	11	6	9
Sales.....	100	31	57	12	1	6	6	6	4	6
Clerical.....	100	26	56	16	1	18	15	20	19	19
Blue-collar workers										
Craftsmen.....	100	36	48	15	2	19	22	18	18	25
Operatives.....	100	27	53	19	1	20	17	20	24	16
Transportation equipment operators.....	100	26	57	15	2	5	4	6	5	10
Nonfarm laborers.....	100	29	47	23	1	4	4	4	6	2
Service workers.....	100	29	47	23	1	4	4	4	6	3
Men										
Total <sup>1</sup> .....	100	34	50	15	1	100	100	100	100	100
White-collar workers										
Professional and technical.....	100	41	46	12	1	14	17	13	12	13
Managers and officials.....	100	39	53	8	1	13	15	13	7	12
Sales.....	100	32	55	12	1	6	6	7	5	5
Clerical.....	100	29	56	14	1	8	6	8	7	5
Blue-collar workers										
Craftsmen.....	100	36	48	14	1	25	27	24	25	32
Operatives.....	100	29	51	19	1	19	16	19	24	15
Transportation equipment operators.....	100	26	57	15	2	7	5	7	7	13
Nonfarm laborers.....	100	29	47	23	1	5	4	5	8	3
Service workers.....	100	32	43	24	1	3	3	3	5	3
Women										
Total <sup>1</sup> .....	100	26	55	18	1	100	100	100	100	100
White-collar workers										
Professional and technical.....	100	35	48	17	1	9	11	7	8	4
Managers and officials.....	100	46	39	15	-----	4	8	3	4	-----
Sales.....	100	24	61	12	3	4	3	4	3	9
Clerical.....	100	24	57	17	1	50	47	52	49	58
Blue-collar workers										
Craftsmen.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	2	2	1	2	6
Operatives.....	100	22	58	20	1	23	19	24	25	19
Transportation equipment operators.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-----	( <sup>2</sup> )	-----	-----
Nonfarm laborers.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-----	( <sup>2</sup> )	-----	-----
Service workers.....	100	26	52	21	1	8	8	7	9	5

<sup>1</sup> Vested status totals include a small number of agricultural and private household workers, not shown separately.

<sup>2</sup> Not calculated where base is less than 200,000.  
<sup>3</sup> Less than 0.5 percent.

### Occupation

Occupational differences in vesting rates were much greater than industrial differences, reflecting the combined effects of average length of service and differing requirements for vesting and retirement. Professional and technical employees and managers and officials had the highest rates—about two-fifths were vested (table 15). Craftsmen, about a fifth of all persons with pension coverage, also had a relatively high vesting rate of more than a third. Only about one-fourth of the clerical workers and operatives (almost two-fifths of the persons with pension coverage) were vested, however.

The highest vesting rates (ranging from 36 percent to 41 percent) were reported by men who

were professional and technical workers, managers and officials, and craftsmen; they accounted for more than 50 percent of all men with pension coverage. The vesting rates for men in the remaining occupational classifications ranged from 26 percent to 32 percent. A fairly high proportion of men in these remaining groups—12–24 percent—did not know if they had vested rights.

Occupational variation in vesting rates was greater for women than for men. Generally, the vesting rates of women were somewhat lower than those for men in similar occupations. Only 24 percent of clerical employees and 22 percent of the operatives—where almost three-fourths of the women with pension coverage were found—had vested rights.

TABLE 16.—Percentage distribution of full-time workers covered by retirement plans in private industry, by vested status and by race, April 1972

Race	Percentage distribution by vested status					Percentage distribution by race				
	Total	Vested	Not vested	Don't know	No response	Total	Vested	Not vested	Don't know	No response
Total										
Total.....	100	32	51	15	1	100	100	100	100	100
White.....	100	33	51	15	1	91	94	91	88	93
All other races.....	100	24	52	22	1	9	6	9	12	7
Men										
Total.....	100	34	50	15	1	100	100	100	100	100
White.....	100	35	50	14	1	92	94	92	88	94
All other races.....	100	25	52	22	1	8	6	8	12	6
Women										
Total.....	100	26	55	18	1	100	100	100	100	100
White.....	100	26	55	17	1	89	90	90	87	90
All other races.....	100	24	53	22	1	11	10	10	13	10

### Race

Not only were white men more likely than workers of all other races to be in private retirement plans, but they were also more likely to have vested rights. More than a third of the white men reported such rights, but only a fourth of the men of other races did (table 16). Part of the difference reflects the larger fraction of "don't know" replies among workers of the latter racial group; some of the difference is related to their lower average tenure, as well as differing occupations, industries, and earnings. Among women, however, vesting was as prevalent for those of all other races as for white women.

### Limitations of Vesting Data

In assessing the preceding data on the proportion of workers reporting vested rights, a number of factors should be kept in mind. In plans in which the worker makes a contribution, vested rights usually are forfeited if a worker withdraws his own contributions on termination of employment.<sup>14</sup> Indications are that a high proportion of workers who leave a contributory plan—even older workers with substantial benefit accruals—do withdraw their own contributions

<sup>14</sup> The forfeiture of vested rights has been the experience under the contributory Federal civil-service retirement plan; see Joseph Krislov, "Forfeiture of Civil Service Retirement Benefits," *Social Security Bulletin*, October 1961, pages 18-21.

and lose all rights to pension plan benefits. Contributory plans, however, are far less prevalent than noncontributory plans in private industry.

In a few retirement plans, workers who leave their jobs voluntarily forfeit their pension rights even though they may have fulfilled the minimum service and age requirements. Plans in the steel industry, for example, generally restrict vesting to workers who are laid off and not recalled in 2 years, or who are terminated because of the permanent shutdown of a plant, department, or subdivision.

A fairly high proportion of workers who were in a pension plan—15 percent—answered the vesting question with "don't know." Examination of their tenure and age distributions reveals that they have characteristics somewhat similar to those who responded that they were not vested. Two-thirds were employed less than 10 years, and chances of vesting with such short tenure are less than 1 in 4, according to this analysis. These workers also tended to be young—about three-fifths were under age 40; pension plan knowledge and concern are apt to be less among these persons than among older workers.

### Technical Note

The estimates presented here are based on data from a special April 1972 survey of pension plan



coverage of full-time workers aged 16 and over in the U.S. civilian labor force. Data collection was conducted by the Bureau of the Census and included half the sample of households in the April 1972 Current Population Survey (CPS). For this reason, the sampling variability of this report is greater than that of the CPS.<sup>1</sup>

The estimates of retirement plan coverage are limited to persons aged 16 and over, working 35 hours or more during the survey week at a job in private industry or with a full-time job but not at work full-time during that week because of vacation, illness, etc. The estimates exclude persons belonging to private retirement plans who, during the survey week, were employed part-time, unemployed, or out of the labor force. Estimates also exclude persons with vested rights to a private pension who were not covered by a plan in the job at which they were working during the survey week.

### Response to Specific Questions

The interviewer or respondent was requested to check a "yes" or "no" or "don't know" box in answer to the question, "Excluding Social Security, Railroad Retirement, and Veterans' Pensions, are you covered in your present full-time job by a pension or profit-sharing plan providing retirement benefits?" As in any survey, some persons did not respond—4 percent. Another 4 per-

<sup>1</sup> For a fuller description of the sample design and reliability of the estimates of the CPS, see the Bureau of the Census, "Money Income in 1971 of Families and Persons in the United States," *Current Population Reports*, Series P-60, No. 85, page 16, and *Employment and Earnings* (Department of Labor), May 1972, page 151.

cent of the full-time workers said they did not know whether they were covered by a pension plan. Some persons in both groups probably did have pension coverage.

A respondent could perhaps be unaware of his pension coverage and answer the pension coverage question "no," particularly if he were a new employee or was included in a multiemployer situation. As a result, not only would pension coverage be understated, but vesting status would not be considered by the respondent. Available evidence from earlier studies indicates that reporting of pension coverage by workers, especially in employer-financed plans, could be understated.

Errors in the reporting of vesting status also should be considered. After answering "yes" to the pension coverage question, the respondents were asked to answer "yes," "no," or "don't know" to the following question, "If you should change to a job not covered by this plan, would you still be eligible to receive the plan's benefits at retirement age?" A fairly high proportion of workers—15 percent—answered "don't know," and some of these probably had vested rights.

Tenure on the current job, as ascertained in this survey, is a somewhat different concept than "length of service" as used in retirement plans. Here it means the length of time that the worker has been on the payroll of his current employer; retirement plans, however, may allow breaks-in-service that range up to 2 years or even longer. In determining eligibility for benefits, multiemployer plans measure length of service under all plans with contributing employers. In this survey, only service with the current employer was used.